

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Parks and Recreation	Terry Dunning/ 684-4860	Jeff Muhm/ 684-8049

**Legislation Title:**

AN ORDINANCE authorizing the Superintendent of Parks and Recreation to execute and accept from the State of Washington, Department of Natural Resources, (DNR) on behalf of the City of Seattle an Aquatic Lands Lease for the Seattle Aquarium; and ratifying and confirming certain prior acts.

**Summary of the Legislation:** This legislation authorizes the Superintendent of Parks and Recreation to execute an Aquatic Lands Lease with the State Department of Natural Resources (DNR) lands at the Seattle Aquarium.

**Background:** This proposed lease replaces and expands on a prior lease with DNR which expired in 2005. In the new lease, the rent being charged by DNR is higher than in the expired lease due to building improvements made by the Aquarium and the expansion of the office space within the building. The proposed lease has a term of 30 years commencing on November 1, 2013. Most of the Aquarium property is leased from DNR rent free; however, a smaller area which is used for commercial uses associated with the Aquarium or for administrative space that could be provided from an off-site location is subject to rent.

The Seattle Aquarium is largely constructed upon Pier 59 which is mostly the property of DNR; the Aquarium occupies 84,819 square feet of DNR property. The structure is, in part, two stories and 77,518 square feet of the building is characterized as “public” and therefore is not subject to rental fees from DNR. Another portion of the building, 19,576 square feet, is characterized as “non-water dependent, non-public” space, including the aquarium store and offices, and DNR requires that the City pay rent for that portion of the building. The rent calculation is based on comparable properties in the vicinity of the Aquarium. The use of the comparable method for determining rent is defined in both Statute and Regulations promulgated by DNR.

Ordinance 123235 (2009) authorized an Agreement for the Operation and Management of the Aquarium by the Seattle Aquarium Society (SEAS). Among the many conditions of this Agreement is an assignment of responsibility for operating expenses, including rent, for the facility to SEAS. Therefore, the annual rent of \$83,940.32 (including leasehold excise tax of \$9,551.52) will be the responsibility of SEAS. Rent will be adjusted every 5 years of the thirty-year term to reflect current market rates in effect at the time.

The proposed rent reflects current conditions on the site including recent improvements constructed by SEAS. The prior rent under the expired agreement was approximately \$18,000 per year. That rent was for a smaller facility with an inaccurate understanding and depiction of

the “non-water dependent, commercial uses” on the site.

Please check one of the following:

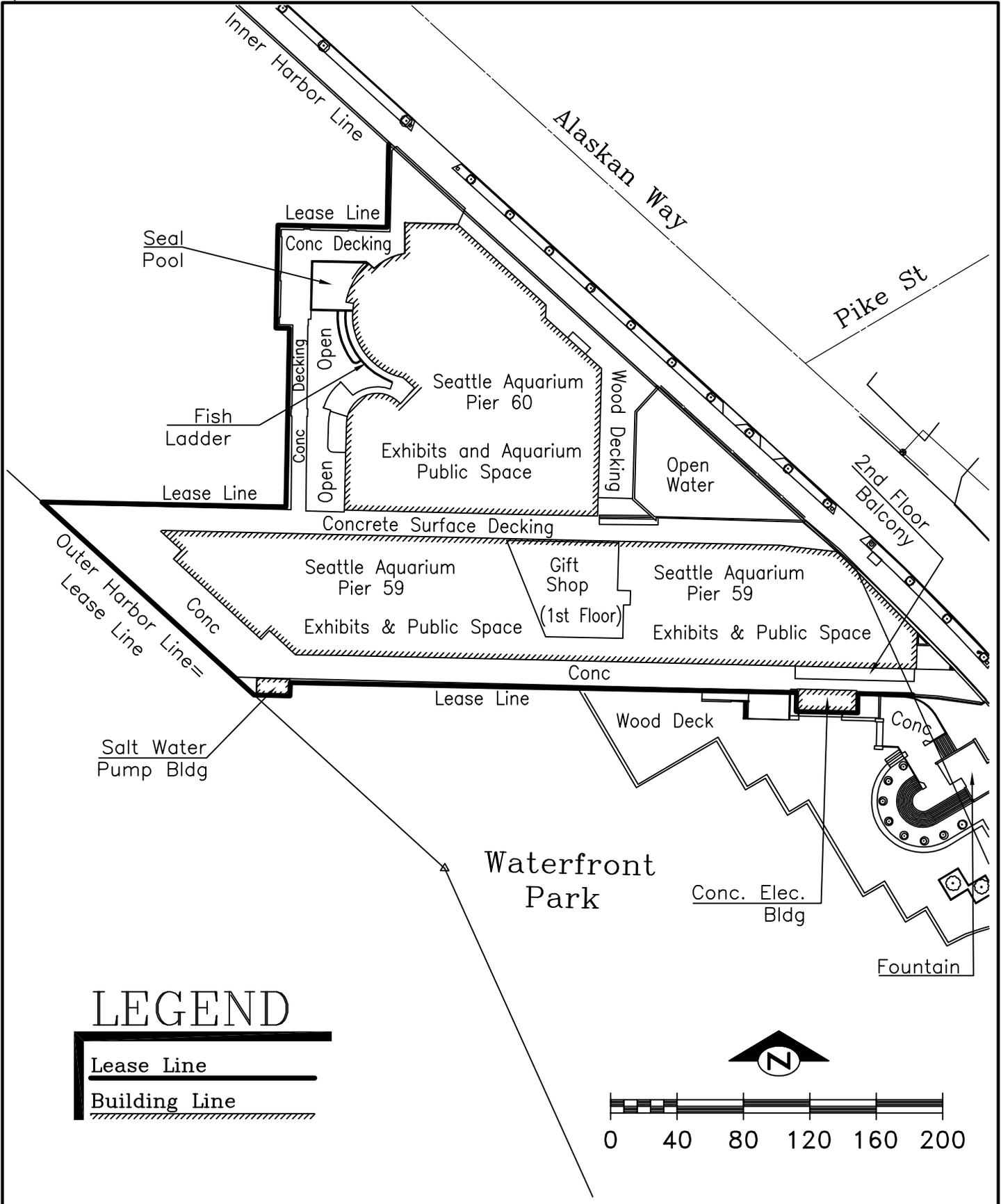
  **x**   **This legislation does not have any financial implications.**

**Other Implications:**

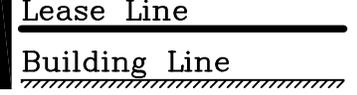
- a) **Does the legislation have indirect financial implications, or long-term implications?**  
The fees associated with this lease will be paid by the Seattle Aquarium Society. In the event they are unable to meet their obligations the City would be responsible for the annual fees.
- b) **What is the financial cost of not implementing the legislation?**  
The Aquarium Society would not be legally occupying the site without a lease from DNR.
- c) **Does this legislation affect any departments besides the originating department?**  
No
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** None
- e) **Is a public hearing required for this legislation?** No
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No
- g) **Does this legislation affect a piece of property?**  
Yes, Pier 59 on the Seattle waterfront.
- h) **Other Issues:** None

**List attachments to the fiscal note below:**

Attachment 1 Map of Leased Area



# LEGEND

-  Lease Line
-  Building Line



Seattle Aquarium  
 Lease Area

DRAWN	prb	DATE	10/28/2013
SCALE	1" = 80'		